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Hawley, Joseph Roswell

The financial issues

Hartford

1878

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THE FINANCIAL ISSUES.

SPEECH

OF

GEN. J. R. HAWLEY,

DELIVERED AT

ALLYN HALL, HARTFORD, CONN.,

Friday Evening, Oct. 18, 1878.

HARTFORD, CONN.:

THE CASE, LOCKWOOD & BRAINARD CO., PRINTERS.

1878.

THE FINANCIAL ISSUES.

SPEECH

OF

GEN. J. R. HAWLEY,

Delivered at Allyn Hall, Hartford, Conn.,

FRIDAY EVENING, OCT. 18, 1878.

After duly acknowledging the greetings of the audience, General Hawley proceeded:—

I take this first opportunity to return my sincere, hearty and respectful thanks for the unsought and unexpected honor of a nomination for the office of representative in congress. During five months absence from the country on business, I had in a measure lost the run of local politics, anticipated a very general change of candidates, and, on my way home, supposed the convention had been held. To the inquiry that met me in New York harbor on the morning of the convention I responded truly that I should be content with any position that left me free to work.

The ceaseless struggle for the honor and prosperity of the country is taking a new, deeply interesting and very important form. The very admirable platform of the state convention receives my earnest support. This ancient and honorable commonwealth, with its large business interests, its many immense trusts held for the poor, for the laboring classes and citizens of very moderate means in all parts of the country, ought to speak with no uncertain, timid or evasive voice upon the issues of the hour, and the republican state convention has justly set forth its duty. The gentlemen named for state officers are capable, honorable, and able men, known, respected, even beloved. Mr. Andrews, the candidate for governor, is among the ablest lawyers of the state, a staunch republican, public-spirited, energetic, patriotic. As a member of the general assembly, and in the foremost position as chairman of the judiciary committee, he especially distinguished himself by his energy, industry, and legislative wisdom. He stands high and clear, above question, as the representative of the sound doctrine so vigorously and honorably set forth by the resolutions.

INTRODUCTORY.

New parties have entered the field. Doctrines are promulgated by able, enthusiastic men and vigorous organizations that many of us, (indeed, most assuredly, the majority of us) in Connecticut, believe to be fraught with discredit to the nation and great misfortune to the mass of the people.

Any candidate for your suffrages would be glad to say only that which might be acceptable to all men, but it is his high duty, and his only sure road to your respect, to say that which is true, and secondly, if possible, to so say it that it shall be agreeable and win your support. There are many Americans and many in other lands watching our course with profound anxieties for the immediate future of the republic. There are many who would not lament to see us commit national errors and even crimes, for they hold that the sooner this people demonstrates the impossibility of a wise, steady, honest and safe republic the better.

Let us have faith. It is not our theory that the people will always do right, but that the great mass will do the best they can, unselfishly and honestly, for the public and common interest. They must be few who do not wish to be proud of their country, its policy, laws, legislators and prosperity. Human nature will not only furnish mistaken leaders, but unscrupulous, reckless demagogues, who catch up any cry that pleases a multitude, even a sometimes selfish and ignorant multitude, yet it would be very strange if a large party could be organized, willing, consciously, to degrade and dishonor the nation and inflict wrong and distress upon portions of the people.

The ancient errors that have again sprouted from the stump a thousand times cut down chiefly pertain to what are termed purely financial questions. Let us pause to observe

that there are very few such. Seldom does an issue present itself upon which the question is right and what is wrong will not throw much light. Whatever is right must be done; whatever is wrong will not pay, in any sense.

It is not strange that errors flourish for a time. Not since 1846 has a national political campaign been conducted upon financial issues. In 1844 the proposed annexation of Texas, with its bearing upon the national influence of slavery, absorbed attention. The Mexican war followed, the annexation of Mexican territory, the Wilmot provision, the compromises of 1850, the Nebraska bill revealing the Missouri compromise, the fierce contest over the extension or restriction of slavery, the war for the Union, the abolition of slavery, the collapse of the rebellion, universal suffrage, all the vast problems of reconstruction and restoration—the grand war of ideas and swords stirred the nation with roiling fires. For many years the people of all parties cared little for the cost of the maintenance of their respective theories. It is evidence of the intense absorption of the public mind that our financial policy has come at last to the leading place. It was hoped that the danger of serious error on that subject had passed with the numerous pledges placed upon the statute book and the repeated assertion of sound doctrine by both the great parties. But it has not. I have no apprehension of the ultimate verdict and judgment. When the whole matter shall have gone through two or three thorough national discussions it will come out purified as by fire. But, in the meantime, an irreparable mischief may have been done: there may be a stain upon the national honor, a reproach to the national intelligence that will never be overlooked by the historian nor pardoned by the moralists.

It is seventeen years since we suspended specie payments. All native voters 28 years of age and under, all the adopted citizens admitted since 1861, the four millions of emancipated slaves, all these have seen the nation wage a gigantic war successfully, negotiate a vast national debt, proceed through several years of brilliant and apparently real prosperity, reducing the debt by nearly a thousand millions, and all with an irredeemable and very abundant paper money. Some of them have made a great mistake. Seeing the nation carry burdens easily, they thought it was the burdens that gave us strength.

The eternal laws of truth have vindicated themselves in a prolonged period of national depression and multitudes of impatient people, though a healthy future is at our very doors waiting for us, are eager to make a permanent diet of that which we unwillingly began to eat in the day of trouble, and which largely caused the illness.

THE NEW SCHOOL OF OLD ERRORS.

Let us group a few of the propositions advanced by leading men and conventions of the labor party, workingmen's party, green-

back party, national party and other more or less closely affiliated associations. As thus grouped they represent no one party but they mostly bear a friendly resemblance.

It is proposed to discard the precious metals as the basis of money.

To destroy the national bank system.

To repeal the resumption act and postpone indefinitely, some say forever, the attempt to make paper convertible at will into coin.

To issue from the national treasury three or four hundred millions of irredeemable paper in substitution for national bank notes.

To let this national paper continue to bear the form of a promise, professing to believe that "national laws" will keep it of equal value with gold and silver.

Others propose to "issue a dollar that shall have at all times a certain and fixed and stable value below which it cannot go."

To stamp this fiat dollar (not a promise to pay any sort of dollar, but something calling itself a dollar) upon some convenient and cheap material of the least possible intrinsic value so that neither its wear nor its destruction will be any loss to the government issuing it.

To make this dollar of such material that it shall be as cheaply transported or desirable to carry out of the country.

To make the dollar fundable at pleasure in small and large bonds at 3.65 per cent. interest, said bonds to be convertible into currency at pleasure.

To make the new paper money, whatever its minor peculiarities, alike with gold and silver, a legal tender for all debts, public and private, interest or principal.

To place the coinage of silver on the same footing as that of gold.

To tax all government bonds and money.

To forbid any contraction of the circulating medium.

To issue a full legal tender paper money adequate to the full employment of labor.

To pay all bonds with this absolute money.

To prohibit the further issue of any bonds.

To reduce and limit the hours of daily toil.

To open new fields of labor by constructing works of national importance, either directly through the government or through secured loans.

To establish postal savings banks throughout the country, certificates bearing a low rate of interest to be issued, convertible on demand into legal tenders, or the money to be loaned to the people at low rates.

To furnish government aid to families desirous of settling on the public lands in amount sufficient to enable them to cultivate and improve the same.

To prohibit the immigration of Chinese.

To prescribe a uniform tariff for passenger and freight traffic on all railroads.

To limit the right and duty of the national government to "create money."

To give to the state or national governments the possession and management of the railroads.

Supporting many of these propositions, go-

ing much farther and indulging in the wildest dreams, are detachments of communists and socialists. They attend greenback and labor meetings, cheer the most radical utterances, and like Dennis Kearney are willing to "pool the issues," and make what they can of the excitement of the hour.

Who supports all these propositions and who supports but a part of them, or to which labor or reform or national or greenback party we are indebted for any one of them I do not wait to ascertain. They involve prevalent errors that would, if set forth in the law, inflict almost irreparable injury upon the industries of the country, and eternally stain its honor. Some persons at least are sincere in these doctrines, and to such I would address myself.

It is no easy task. It is endeavoring to prove that iron is heavy, cork light, gold precious, two and two make four, and that it is right to tell the truth. The discussion reaches to the foundation of economic science and involves radical changes in the functions of government.

WHAT IS MONEY?

Evidently the first attempt to reach a common ground must be in defining the nature and functions of money. It is the common medium of exchange, the standard of value. Real money has actual value of its own outside of its uses as money. The rudest trading is conducted by barter. Some articles served the purpose more easily than others. They were such as had much value in little weight and bulk, endured well, were easily divisible. Abraham weighed out "four hundred shekels of silver, current money with the merchant," to one of the children of Beth, for a burial place. From that day to this the nations that have stood best in wealth and credit have been those that most closely held to gold and silver as money. The reasons are obvious. These metals have what is called intrinsic value, and much of it in a small compass. They endure long—gold lasts through all time. They can be hammered out and drawn out, melted into all forms, engraven, stamped. They receive and retain fine impressions. Useful articles made of them are beautiful also. They have much value in small compass, because it takes much labor to get a small quantity. The value is tolerably uniform because the supply has grown with the demand, and while their values change, the changes are usually slow and cause few shocks. If we are to have materials of actual value to serve as money, and the basis of money, four thousand years of world-wide experience teaches that gold and silver are the best.

Moreover, commerce has devised various aids in passing title to real money, or temporary substitutes or evidence of debt, such as checks, drafts, promissory notes, certificates of deposit, bank notes, etc., but they are recognized only as giving title to a real money somewhere at the basis. These are the teachings of the business of the world for

four thousand years, the teachings of ninety-nine one-hundredths of the able men who have studied the subject as scholars, not politicians, and striven to write what should be permanently accepted as the truth.

Experiments in other directions are not wanting. The shores of time are lined with the wrecks of an infinite variety of attempts to escape from natural laws. There is no new money under the sun.

OUR FATHER'S JUDGMENT.

This was the judgment of our fathers in founding the constitution. Most of our colonies had made all the costly experiments in the issue of paper money. They always promised to pay something in silver and gold. They always did pay a percentage, at least until the revolutionary war. The utter collapse of continental currency based on the faith and resources of the feebly organized confederation was the last lesson needed, after a whole century of suffering. The convention that formed the constitution was thoroughly devoted to hard money. Daniel Webster said:

"The establishment of a sound and uniform currency was one of the greatest ends contemplated in the adoption of the constitution. If we could explore all the motives of those who framed and those who supported the constitution, we should hardly find one more powerful than this."

I can devise no condemnation of paper money more vigorous than those uttered by George Washington, Alexander Hamilton, Oliver Ellsworth, James Madison, and other noble and able men of that day. The states were positively forbidden to emit bills of credit or make anything but gold and silver a legal tender. The powers of the national government were left less restricted, but a proposition to authorize congress to "emit bills of credit" was emphatically voted down. Oliver Ellsworth said it was "a favorable moment to shut and bar the door against paper money." Mr. Wilson said "it would have a salutary influence on the credit of the United States to remove the possibility of paper money." Mr. Madison said that striking out the words "to emit bills of credit" would not disturb the government from the use of public notes as far as they could be safe and proper, and would cut off the pretext for paper money."

"CREATING" FIAT MONEY.

The national platform of the greenback party adopted at Toledo, O., February 22, 1878, declares that "it is the exclusive function of the general government to coin and create money and regulate its value."

The constitution is better authority, and it says only that congress shall have power to "coin money and regulate the value thereof." There is no authority in this government or any other, nor did the power ever exist, save in the Divinity, to "create money," nor did this government ever undertake to do it. If there be clearly any things that the constitution did intend to pre-

vent, one of them is the issue of irredeemable "flat" or "flat" money.

That or absolute money is supposed to be paper stamped "One Dollar in Money of the United States. Legal tender for all debts, public and private." General Butler proposes that "the dollar so issued shall never be redeemed," and "that it shall never be exported or desirable to carry out of the country." The Connecticut greenback convention calls for the issue of a "full legal tender money" adequate in volume for all the purposes of money and "for the payment of all loans in absolute money as soon as possible and no further issue by the government of any bonds!" The Ohio democrats, uniting with the greenback men, demand, as do all soft-money men, that the resumption act be repealed, and that the entire national bank circulation be retired and \$322,000,000 of additional greenbacks be substituted therefor. And while they do not say that they would change the terms in which the greenback is written, it is evident that the proposition goes practically quite as far as to others in contemplating an unlimited irredeemable paper money.

It is useless to say to these men that this course would be unconstitutional. They claim to have discovered something better and wiser than the constitution.

I have said that the doctrine and experience of the world, including especially the nations that lead in commerce, demand hard money. They answer that the world has advanced, and knows more than formerly.

THE "FAITH AND RESOURCES."

I ask what basis and security their absolute money would have, they answer, the faith and resources of the country. What faith could one repose in the new money when its very first step is a repudiation of pledges for the old money, the most solemn that a nation ever did or could make, offered to the world in the extremity of agony to save the national life?

But the resources of the country—its resources will be pledged for the new money? Will they? I think the very essence of this absolute money is, that the promise to pay anything shall be omitted entirely. The express special reason for its creation is that it will serve as money without a basis. It is not intended that the holder of the bill shall ever ask for payment or further security. You give it a basis in words, but forbid anybody's tendering the basis or asking for it. A gold basis is very easily picked up and handed over, but you want a basis that a man can not reach.

But your house and my house and all our personal property are security? Are they? Can you ever touch the security? You cannot bring suit against the government. You can not obtain judgment against it and levy a writ of execution and sell the goods seized, and if you could, the money brought in at the sale would be the same pieces of paper declaring themselves

money, but never by any process convertible. You individually would have no power to levy a tax to obtain payment, and if you could, again you would be met by the same false paper in payment of the tax.

PAPER LEGAL TENDER.

But you propose to make this new absolute money or this irredeemable greenback a full legal tender for all debts. Never failing to protest in passing against the infancy of the proposition, let us see where you would make any profit by it. If you are a debtor and could be the first man to get a liberal supply of the paper, you might be able to discharge your debt by paying it in money actually worth less than what you borrowed. Would it comfort your soul to reflect that you had paid up a thousand dollars due your employees, or your church, or your grocer, or the savings bank that helped you build a house, with money that cost you but nine hundred dollars?

But are you sure that you could be first to get a supply of the cheap money? If you destroy the national bank system and pay up the national bonds, the national banks would get over three hundred millions of this new paper and the bloated bondholders at large would get over seventeen hundred millions of it. They would have the first chance to pay it out.

THE RUIN OF LABOR.

What a monstrous and cruel delusion it is that the new and cheap money is to be a blessing to the workmen, the laboring classes! The vast majority of us are really working men, getting weekly or monthly our wages or salaries. If you should be working for anybody for pay, the first you would see of the fiat money would be its tender to you for your wages. You are a creditor. The laboring people of the country are the largest and most important creditor class. It is estimated that on any given day there are at least one hundred and twenty millions due to the laborers and mechanics. You cannot refuse to take the money offered you Saturday, for the law says you must take it or nothing. And if you owe the grocer and butcher, you can pass it over to them and they must take that or nothing. But that is only the first payment. You must go on working. The moment you begin you again become a creditor and the debtor employer can offer you the new cheap legal tender. But perhaps the grocer and butcher have had some difficulty in making purchases with the money you gave them the previous week, and when you come again to buy you find that they have raised their prices. That means that your new money has depreciated. It is the same as to say to you, "I will sell you potatoes at \$1 a bushel, as I have done, and take your dollar at 90 cents." Or, if he words it thus, as will be more likely, "I shall have to charge you \$1.10 a bushel for potatoes hereafter," it will amount to about the same thing. The first effect of the new money on you will be

in the advanced prices of the things you buy. Why did the grocer ask a higher price? Because, on depositing a few hundred dollars at the bank to meet New York debts, he found that the new money, not being redeemable in gold or silver under any circumstances, and being unable to perform so fully the functions of money, was worth a little less. Therefore the grocer must have a little more of it than he would have needed of gold or silver in order to make his New York purchases.

Your next step is to agitate for an increase in your wages. Perhaps you get it, if your employer is able to sell his manufactured goods at a higher price. If he is not, he fights against higher wages or manufactures less or stops. In a little time the operation is repeated. It appears truly to the workman that the times are hard. Everybody is asking him higher prices for the necessities as well as luxuries of life, and it is very hard to get wages raised proportionately. So there is a cry that money is scarce and a fierce demand that, in the language of the Connecticut greenback convention, "to remedy and counteract the evils complained of, the government shall issue full legal tender paper money adequate to the needs of the employment of labor, the distribution of its products, the requirements of business," etc.

There is unquestionably something of an apparent scarcity of money, for it takes more paper money to do the same business than it did before. Therefore, to be true to its principles, the government must issue more money in some way. How? If there be any bonds yet unpaid it can call for them and pay them in new fiat money. This is what our Connecticut greenback friends demand, though the payment of the bonds in coin was clearly promised. The new supply enables business to move easily for the time, but, if history is good for anything, we know that the depreciation soon advances another step. Every man making contracts covering an appreciable time, every man selling on credit, feels anxious to guard against probable changes in money values, and he adds something to prices to cover contingencies. Each man steps forward an inch that his neighbor may not get an inch ahead of him, as you see in the eager crowd on the days of great spectacles.

The depreciation steadily continues until wages are \$4, \$6 or \$10 a day, and the laborer can buy no more than when he was getting \$2 or even \$1 per day.

I call your close attention to a point that appears but inferentially in what I have said. If A owes you twenty dollars, though it may have been borrowed in gold, he can tender you twenty dollars of the fiat money and you must take that or nothing. But when you take that twenty dollars to buy a barrel of flour that the dealer advertises for ten dollars gold, you cannot compel him to sell his flour for ten or twenty or thirty of your fiat money. He will sell or not just as he pleases. He may say,

"gold is at 240; I must have twenty-five dollars fiat money; for I think gold will be at 250 to-morrow." And you cannot oblige him to take your money in exchange for his goods though it be legal tender, save at his own terms. But in the meantime you must work on daily for money—some sort, or you and your family will suffer. Have not some of you mistaken and much over-estimated the value of the words "full legal tender," in giving your adhesion to the absolute fiat money based on our faith and resources? The legal tender quality is all powerful when a man is paying you a debt; it has no power of compulsion when you are trying to make a trade.

Here comes the next step in the downward road to ruin. The Butlers, Curls, and Kearsneys of the time will begin to denounce the bloated capitalists, greedy monopolists and piratical foresters, who have got control of all the food and clothing, and will not receive the lawful money of the country in exchange. The legal tender character of the new money needs strengthening. So congress passes a bill imposing severe penalties upon any who refuse to take the lawful money. This old and worn-out device also fails, for a man cannot be compelled by law to say that he is willing to sell at any price.

The next stage is either an attempted redemption of the notes or a percentage of them in real money or a repudiation entirely—usually the latter, and the restoration of a sound currency comes mysteriously and suddenly and signs of health begin to appear.

I have argued from supposed cases in a speculative way, yet it would need the changes of but a few words to make this a chapter of history from the experience of many nations at many times. From 1790 to the formation of the constitution in 1778 our colonies and our continental congress and our confederation of states spent the century in experimentation with paper money in the directions I have indicated, ending in the grand collapse of continental money in 1781.

CONSTITUTIONAL CHANGES.

Not a single new idea or proposition in the direction of paper money, has been developed in all the discussions of these last ten years. I can find it all for you in somebody's arguments a century ago, and nearly all of it in the legislation of some colony. Our fathers knew as much at the beginning as some of our modern financiers know at the end. They began with fiat money—with wampum and beads—and that they learned from the Indians. They advanced to hard money.

Sick, sore, wounded, humiliated, disgusted with the blunders of a century closing with an offer to pay one per cent of the continental currency, the fathers of the constitution fancied that they had guarded the future against these crimes and follies.

"One of the creeds of the day proposes to escape from the constitutional obstruction by a constitutional amendment authorizing a fixed amount of absolute money. The constitutional objection would thus be obviated, and

the proposition shows that its authors are conscious of a necessity for limitation. Against the wild, strange project, one can only say that heretofore no man has ever been able to announce the precise amount of money a given population would require. To harmonize this proposition with the demand of the greenback state convention that the volume of money be adequate for "the employment of labor, the distribution of its products, the requirements of business" and the payment of seventeen hundred millions of bonds, the lowest limit that could be set would be two hundred millions of dollars, or two and a half times as much paper as sufficed to send gold up to \$280.

Whether it be probable that the required twenty-nine state legislatures will ever sanction such a scheme I leave you to judge.

CONGRESS REGULATING THE VOLUME.

It is this wilderness is wisdom in comparison with the desire of those who would issue absolute money and leave its volume at the mercy of congress from year to year! Mind; it would not be a currency renewable in anything; it would contain no promise to return anything to the holder on presentation; it would require no taxes to sustain it. To increase the currency of the country a hundred millions would cost but a few thousand dollars for paper and printing. What a pleasant thing to do upon the approach of a hotly contested election! How agreeable to throw in a few scores of millions whenever excessive production overstocks the market, and people fancied that the mills stopped because money was scarce!

HOW TO GET THE MONEY OUT.

It has you ever told us how this money would get into circulation after the government had printed it? If it be supposed that the taxes are sufficient to pay the current expense of the government, there will be no opportunity to pay it out in the ordinary way. You would not ask that it should be distributed gratis to the people at two or three dollars a head? Several ways have been devised to render it. The Connecticut greenback convention proposed to give money to settlers on the public lands "in amount sufficient to enable them to cultivate and improve the same." Others propose to initiate a series of great internal improvements and employ the people thereon, or lend money to private parties who will undertake them. But would the schemes in question pay? If yes, let private parties conduct them; capital is "sandy enough to invest upon a reasonable prospect of profit. If a scheme be not sure to give good returns, it would be cheaper and more profitable to the country at large to give the money to the laborers on the first day and abandon it, leaving them to engage in useful work elsewhere.

Others propose to lend money to worthy persons taking security therefor. But the man who is able to give security for a thousand dollars is not the poorest and most needy man by any means. Moreover, who shall de-

vide to whom the government shall lend? Would there be any political uses made of so great a power? Would hard money republicans and democrats stand any chance so long as there were any greenbackers who had not received a nouch?

But would the government enter the field as a grasping insurer? What rate of interest shall it charge? The Connecticut platform guides us by saying that it should organize savings banks and "lend on ample security, at rates not exceeding the actual expenses of creating and loaning the same." Perhaps at two or three per cent. This would give the happy borrowers great advantage over their less fortunate neighbors, a most unfair and unjust advantage, far greater than any obtained now from a government connection by bondholders or bankers, the pet aversions of the new parties.

I am surprised that nobody has proposed to distribute the money by dispensing with taxation and "creating money" to meet the current expenses!

EXTENDING GOVERNMENT.

I forbear to discuss the various extravagant propositions to put railroads, telegraphs, banks, savings banks, insurance companies, etc., wholly under government control. There prevails among the new parties an extraordinary disposition to enlarge the functions and to magnify the image of some mysterious and omnipotent power called the government. It is a singular reaction from the times when the government appeared as an oppressor, and the struggle of the humble was to reduce its powers. It will be a calamitous day for the experiment of free government if these ideas capture the nation. No tyranny can be worse than the tyranny of a majority. Should we deliver to a government so great a share in our daily life, and find at some future period the power oppressively exercised, shall we sure that we can recover ground as easily as we lost it?

Let us be assured that there are many things the government cannot do, and many that it ought not to do nor try to do. There are misfortunes of omission and commission, evils, defects and shortcomings that law cannot touch. A statute cannot create wealth nor distribute to men education, moral character, industry, economy, integrity, thrift and culture. It cannot make prosperous those who lack the qualities of prosperous men, and if it could there would remain the necessity of ordering them to be happy. There are evils and burdens that are not wrongs that we can remedy, nor wrongs for which we can reproach our fellow men, or human or Divine government. There are thistles, weeds, storms, bad harvests, fire, flood and disease, all grades of capacity, all varieties of soil and climate, and under all the stern decrees that we must earn our bread by the sweat of our brows. We can demand of human government protection to life, liberty and property, equal rights, peace and a fair and equal opportunity to each to be as well off as his fellow man if he can, and this granted, each

man must fight his own battle. Gladstone well says of the English and Americans:—

"They desire to give full scope to the principles of self-reliance to the people, and their deem self-help to be immeasurably superior to help in any other form—to be the only help, in short, which ought not to be perpetually or periodically put upon its trial and required to make good its title."

THE TAXATION OF BONDS.

It is proposed on all sides by the new school of finance to tax government bonds and money. A. R. owns \$50,000 of government bonds and pays no tax. You own \$50,000 of ordinary property and pay \$1,000 yearly taxes; why should not he pay something? The proposition is plausible; let us see if it be constitutional, truly reasonable or possible.

The bonds are evidence that the government borrowed money or bought goods to the amount of \$50,000. When it offered the bond the question was virtually will the bond be taxed? If the government had said yes, the lender would have replied, "Then you must make the rate of interest ten per cent. at least, for I am liable to be taxed by the nation, the state, county, city or local district, to an extent quite uncertain, and I wish to be sure of at least five or six per cent. net." To put it in another and equivalent form, he might have replied: "I will give you fifty cents on the dollar for six per cent. bond liable to taxation, and I fear I could not net six per cent. for my money even at that." Then the government says: "We will surrender all right to tax these bonds; that is, we will sell the right to tax." The citizen says: "In that case I will give you 100 cents, or 110 cents on the dollar for your six per cent. bond." It is a profitable bargain for the government, for the extent of possible taxation was a very uncertain element and the buyer of the bond would try to make himself safe by fully covering all possibilities in his estimate. You would rather take a non-taxable bond at five per cent. than a taxable bond at eight per cent. bond you might possibly manage to escape with only two per cent. taxes. Had the bonds been sold subject to taxation, the debt would now be three or four thousand millions—nobody can tell how much—probably it would have been impossible to borrow at all.

But perhaps you say the bond might contain a provision that the tax should not exceed two per cent. Then a six per cent. bond would be equivalent to a four per cent. and would have brought the same amount of money into the treasury. The citizen would be sure of four per cent. clear of taxation.

Otherwise stated, the government sold the right to tax the bonds; the tax may be said to have been received in advance and discounted.

A CONSTITUTIONAL OBJECTION.

The power to borrow money granted to congress in the constitution is an indispensable element of sovereignty and must be preserved. Chief Justice Marshall, of the United States supreme court, said, nearly fifty years

ago, "The American people have conferred the power of borrowing money upon their government, and by making that government supreme have shielded its action in the exercise of that power from the action of local governments. * * The right to tax the contract to any extent, when made, must operate on the power to borrow before it is exercised and have a sensible influence on the contract. * * A tax on government stock is thought by this court to be a tax on the power of the government to borrow money on the credit of the United States, and consequently repugnant to the constitution."

The supreme court has made repeated unequivocal decisions on this point and on various claims borrowing therefrom; it will not permit the taxation of bonds or treasury notes (*i. e.* greenbacks) or certificates of indebtedness, or even of government obligations for money with which to buy supplies.

If the government taxes its own obligations it might as well take the money when the original bargain is made, and there would be no profit in that. If it permits states and municipalities to tax them, it surrenders that which the constitution gives to it alone, and which the subordinate authorities might use to the destruction of the supreme authority. A disaffected, rebellious state might levy a six per cent. tax upon a six per cent. national bond and thus put a knife into the heart of the nation.

I have made this detailed argument because the claim that United States bonds should be taxed has a specious appearance of justice that has misled some honest minds unfamiliar with the subject. It is impossible to escape clearly unconstitutional to tax them; no money would be gained for the government or the people by such taxation; whether imposed now or provided for in the original bond; and that taxation now, after their issue as non-taxable, would be regarded by the financial and business world and all the high courts of justice, as dishonor, robbery and repudiation.

The National Banks.

The new parties and some members of the old democratic party severely attack the national bank system and would have all paper money issued by the national treasury. That would make of the treasury a gigantic national bank. It is not organized for that purpose nor adapted to the work. It would be far better in that case to reorganize our great national bank in name as well as in fact, with state branches.

THE MONEY POWER.

The objection to a national treasury issuing the whole volume of paper would be great in any event, but a hundred fold increased if the paper were inconvertible and irredeemable. It is charged that the national banks make a great moneyed power with an unwelcome political influence. They are 2,400 in number, scattered all over the Union. The

stockholders and managers are of both political parties, and to unite them for any political purpose would be impossible.

But the control of the proposed \$50,000,000 of greenbacks in the hands of one secretary, or of a president and cabinet, dominating with a nod the business interests of the whole country, would be supremely unwise.

A twenty-four hundred bands of directors know how to meet the business wants of their localities. How would a secretary lend his money? Would he discount paper and sell exchange?

NOT A MONOPOLY.

It is objected that the banking system is a monopoly. How? Any five reputable citizen with the requisite capital may organize a bank. It is an absolutely free system.

THE OLD STATE BANK SYSTEM.

The revival of the old style of State banking is prevented by the tax of ten per cent. upon its circulation. The withdrawal of circulation from national banks would assuredly be followed by a repeal of that tax and the revival of State banks. Do you wish to see that again? It was the parent of unnumbered woes.

Eighteen years ago it was flourishing. Every shopkeeper had his bank note detector, and detained you to examine it to test the bill you offered. Now, none of you know what sort of paper money you have in your pockets. It may be the national legal-tender; it may be from a bank in Maine or a bank in Kansas.

Then you changed your money as you went from state to state, often losing as much by exchange as you would lose to-day in going to Europe. Now your bills are equally good in Florida, Maine or Oregon; nobody questions them.

You object that national banks are allowed to issue notes and at the same time receive interest upon the government bonds pledged to secure those notes. It was considered a great merit of the old Safety Fund System that the state banks were required to pledge real estate and state stocks to secure for their bills, yet they received interest and rents upon real estate and stocks. And if you return to the state bank system the wise states will require the bank to pledge state and national stocks to secure their circulation, and they will receive interest thereon just as they do now.

With state banks restored you would have thirty-eight distinct systems, another for the District of Columbia, and perhaps one for each territory. Now you have one system for the whole land; one registry of securities, one registry of issues, one plan of sworn returns, one system of inspection and the consolidated statistics of twenty-four hundred banks to the single cent. The returns are the most complete and accurate ever obtained in any country.

LOSSES UNDER EACH SYSTEM.

The worst statistics justify the estimate that under the state bank system the people lost five per cent. of the circulation annually

through bank failures. Not one single dollar of the circulation of national banks has been lost by failure since they started in 1863. Banks have failed, but the treasury held the bonds to redeem the notes.

The losses to depositors under the old system cannot be told or even satisfactorily estimated. Few states required full returns, only nine required security for circulation. But in 1860 the reports of eighteen states showed that out of 1,231 banks, 512 were classed as either "broken," "closed" or "nearly worthless." Of the tens of thousands of millions deposited in national banks since 1863 only six millions in the whole fifteen years has been lost. I venture to say that a greater proportionate sum is annually lost through insurance companies, savings banks and other trust institutions of state origin.

ALLEGED PROFITS OF NATIONAL BANKS.

But these banks make extravagant profits! The ratio of earnings of the national banks to capital and surplus was in 1876 but 6.87 per cent.; in 1877 but 5.62 per cent.

The pledge of the circulation is too valuable; the profits on it ought to go to the government! A treasury calculation shows that the value of the circulation is about three per cent. on the capital employed.

If the profits were large the banks would increase their circulation. But since free banking was authorized, Jan. 14, 1875, and the banks permitted to re-circulate currency as well as increase it, their circulation has decreased thirty millions, or about eight per cent.

Men grumble at not getting sufficient revenue from national banks who desire to substitute the greenback for the 324 millions of bank notes. The greenbacks would be free from taxation; the bank circulation paid last year a tax of over three millions. From 1868 year a tax of over three millions. From 1868 year to 1876 inclusive, the state and national taxes upon national banks aggregated 187 millions. The national bank system has furnished the best paper money the country ever saw. It needs but one more merit: the notes should be redeemable in coin upon presentation. It may be improved, but to destroy it for the sake of issuing 324 millions of irredeemable legal-tenders in addition to the 349 millions already out, would be the height of folly and madness. It would postpone redemption indefinitely, lead to wild inflation, and probably end in repudiation.

GREENBACKS IN PLACE OF BANK NOTES.

It is speciously argued that it would be a fine and profitable thing if the government would call in all the national bank notes, pay off the bonds the national banks hold, and issue as many greenbacks as there are now national bank notes. It is said that the government would gain the interest of those bonds. But it would lose three millions of tax on bank circulation. There are fatal objections.

Being unconstitutional, it would doubtless be declared so by the supreme court, and it would be a great shame,

to make a new issue of legal tender inconvertible notes in time of peace. That it would be in excess of a war necessity is shown clearly by the fact that congress voted during the war that the limit of four hundred millions of greenbacks must be maintained, and it was never exceeded.

Secondly.—The government would then have out 350,000,000 of inconvertible legal tenders. Resumption would be impossible. There is no road to resumption through expansion except the road that passes through repudiation.

Thirdly.—The treasury would become a great national bank, and the volume of circulation would be at the mercy of congress.

But it is sufficient to say that the first and highest duty of the nation is to redeem its greenbacks, and put an end to paper legal tenders in peace. When this shall have been done, we shall be ready to discuss the propriety of issuing treasury notes, not legal tenders, but redeemable at sight in specie. The government may give its notes like any other great corporation, or gold. And it may coin money, but it can never create money. Nor can the treasury become a bank of discount and exchange.

THE NATIONAL FAITH.

The position taken by the advocates of specie resumption and an honest payment of the national debt in coin or its equivalent, is that the national faith is pledged beyond recall, equivocation or doubt. Whatever abstract theories we may speculatively adopt, whatever may possibly be done after resumption and with bonds issued under new conditions, nothing whatever can be done with the past but fulfill the bargain as the government by the United States treasury, the purchasers of bonds and the mercantile world.

If I can show what was promised I can close the argument. It needs but a compact statement of fact.

February 25, 1862, congress authorized an issue of legal tender treasury notes to the amount of \$150,000,000, which, presented in sums of \$50 or multiples thereof, should be convertible into bonds payable in gold at 6 per cent. interest, payable in gold. July 11, 1862, a similar act authorized a similar issue.

By act of March 3, 1863, it was directed that these notes must be presented by July 1, 1863, or the privilege of conversion into bonds would no longer obtain.

June 30, 1864, congress pledged the national faith that the issue of greenbacks should never exceed four hundred millions of dollars, and such additional sum not exceeding fifty millions as might be temporarily required for the redemption of temporary loans. The purpose indicated in the latter clause was fulfilled four years ago; the pledge to keep the issue within four hundred millions remains, and has never been violated. It was given to satisfy the commercial world and maintain the national credit. From that day

to this the pledge has been believed and trusted.

THE PLEDGE OF THE HOUSE.

And that these notes were a temporary issue, to be redeemed as soon as possible in gold or silver or the equivalent, was a thousand times said in the debates and in the treasury reports and statements. Secretary McCulloch, in his first annual report December 4, 1867, gives his opinion. I quote his own words:—"That the legal tender acts were war measures, passed in a great emergency; that they should be regarded only as temporary; that they ought not to remain in force a day longer than would be necessary to enable the people to prepare for the gold standard; and that the work of retiring the notes which have been issued should be commenced without delay and carefully and persistently continued until all are retired." I come now to a most important step. The following resolution was offered:—

Resolved, That this House cordially concurs in the views of the secretary of the treasury, and in the necessity of a contraction of the currency, with a view to a resumption of specie payments as the business of the country requires, and we hereby pledge cooperative action to this end as soon as possible.

This resolution received 144 votes against 6. The rebellious states had not been restored; there was no difference of opinion; it was practically a unanimous vote of both parties. The House but echoed the judgment of the country.

THE GREAT NATIONAL PLEDGE.

During the presidential campaign of 1868, the first that followed the war, while the questions of reconstruction were uppermost, the resumption of specie payments and the manner in which the bonds should be paid were deliberately considered. George H. Fundleton's plan of paying coin in the convertible paper attracted universal attention. General Grant was elected. March 4, 1869, congress assembled and the first act General Grant signed was the famous strengthening act of March 18, 1869, entitled truly an act to strengthen the public credit. It was the crowning judgment of the country, an honor to the nation and a decisive pledge of its faith. It reads thus:—

Be it enacted, that in order to remove any doubt as to the purpose of the government to discharge all its obligations to the public creditors, and to settle conflicting questions and interpretations of the laws by virtue of which such obligations have been contracted, it is hereby provided and declared, that the faith of the United States is solemnly pledged to the payment, in coin or its equivalent, of all the obligations of the United States not bearing interest, known as United States notes, and of all the interest-bearing obligations not exceeding the amount in cases where the law authorizes the issue of any such obligations has expressly provided that the same may be paid in lawful money, or other currency than gold and silver. But none of said interest-bearing obligations shall be redeemed or redeemed or paid before maturity, unless at such time United States notes shall be convertible into coin at the option of the holder, or until such time bonds of the United States, bearing a lower rate of interest than the notes, shall have been sold at par in coin. And the United States also solemnly pledges its faith to make provision at the earliest practicable period for the redemption of United States notes in coin.

Every general message of a President of the United States from that day to this, every report of a secretary of the treasury, every financial negotiation of the government has maintained the same doctrine and duty.

In the succeeding presidential campaign both the democratic and republican parties affirm a sound doctrine, the democratic party declaring that "a speedy return to specie payments is demanded alike by the highest considerations of commercial morality and honest government." To tell how much and to what extent and under what seductions the democracy have departed from that honorable ground would lead us too far from our immediate purpose.

The legislation of congress, at least in general under republican majorities, has been in general in harmony with the purpose to pay the bonds honestly and resume specie payments. By all this the nation has profited, in honor and in purse. Gold stands at nearly no premium and the government is selling new bonds to replace the old at four per cent interest.

Are not the profits of honesty sufficient? To desert from this course to react, to reverse it, would overwhelm us with dishonor and loss, but if profit were imaginable, could all the money of the world compensate us for the same?

HONEST WORK.

For three years past I have had unusual opportunities for studying the condition and progress of American inventive genius, skill and energy in agriculture and manufactures. The American is gaining ground wherever he has taken up the challenge. Thanks to the universality of education and the patent laws and to stimulus of necessity, as an English writer at Paris, said: "The American invents as the Greek sculptured and the Italian painted; it is genius."

But it is this which has filled me with delight and pride. The American triumphs not more by skill than honest work. There are already hundreds of Americans whose names and trade marks are a property of themselves, and the number is increasing. The genuine stamp is accepted as a sure guaranty of excellence. I say that in this the Americans are surpassed by no nation. I have listened at the Philadelphia and Paris exhibitions to the unfeigned praise of American mechanics and machinists for their honest as well as beautiful and ingenious work. And I wonder to what classes the demagogues appeal who desire that we shall cheat with putty and veneer and cast-iron knives, clayed cottons and stolen trade-marks in political affairs.

I ask no more than that we shall be as proud to compare our honest laws as we are to compare our honest work in machines and all our manufactures.

THE WICKED BONDBOLDERS.

The insensate hostility to bondholders is incommensurable. I assure you it is true—we know it, but we rub our eyes and ask again if it can be true—illiberal and respectable citizens have assembled in formal conventions

and demanded that United States bonds (the debts we incurred to clothe, feed and arm our boys and save the Union) be paid and discharged in irredeemable paper. Who are these grasping, selfish, monopolizing, bloated bondholders?

The national banks of Connecticut hold \$21,205,700 of national bonds. Of the 208,000 stockholders in the United States more than half hold less than \$1,000. The stock is largely owned by widows, orphans, trust estates, elderly persons, farmers of small means and others who seek first safety in an investment. Do they deserve the punishment of repudiation?

The life insurance companies of Connecticut hold trusts for the benefit of hundreds of thousands of people all over the Union, the vast majority having but small properties. These companies, seeking perfectly safe investments that can be readily cashed, have \$5,507,250 of national bonds. Is there any reason why they should be punished?

The savings banks of Connecticut hold deposits amounting to \$77,214,373, representing 301,373 depositors. Of this amount \$7,129,200, or nearly ten per cent is invested in national bonds. Of these depositors the most are poor, some are very poor, and very few indeed are guilty of holding much wealth. The seven millions of national bonds are the best of their securities, as good as cash. Are not these depositors, innocent third parties, innocent of any evil intent that could be imputed to the wretches who loaned Uncle Sam money and took his bonds in his darkest days? It is too late to catch the bad man who made money by purchasing Uncle Sam's bonds at a low figure when his life was in danger. The present holders have paid full market value and the majority get less than five per cent for their money.

The fire and life insurance companies, national banks, savings banks, state banks and trust companies of Connecticut have assets aggregating \$272,681,908, of which \$33,741,638 is in United States bonds. To destroy or seriously injure those bonds would injure every citizen of Connecticut and multitudes elsewhere, reaching every state in the Union, and chiefly the industrious poor and struggling people of limited means.

THE FIAT MONEY I LIKE.

It is common in some cities to issue certificates representing corn, wheat, and cotton in store, and they afford a convenient method of passing title. But they are not corn or cotton, and are only good because corn and cotton are to be got by presenting them. Publish that they are to be issued by people who could give grain or cotton for them, but who positively will not, and what are their worth? Promises to pay money will answer as a substitute, if money can now or at some near period be obtained for them, but in the proportion to the doubt and time, the value of the paper decreases. A soap ticket is not valid, and if the resumption of soap payment be indefinitely postponed, the ticket is at a discount.

There is an absolute money, a fiat money, an irredeemable money that I should rejoice to see in universal use. It would cost the government next to nothing. The people would bring it to the mint; the government need only test its quality and stamp its true weight on each piece. It wears well; there is much value in small compass. Unlike Butler's money, it is good at home and abroad, anywhere in the world. It cannot hurt the poor man, and no congress can give it a value or take it away. Hide it for twenty years and it comes out good, no matter what laws have been passed. It does not need that a nation shall pledge "faith and resources" to make it good; it is unanimous consent of mankind. It is not necessary to make it legal-tender, for no man ever refused it. It goes where it is most desired if there be anything to exchange for it. If there be too much in a country, and the demand for it slackens, it will go where there is less of it and people are more anxious to see it. There is no mystery about it. This absolute, fiat, eternal, irredeemable money for every dollar of which a dollar's worth of work was pledged before it was made is simply hard money—gold and silver. The United States mine sixty or eighty millions of it a year, and could easily have hundreds of millions of it in daily service if they were determined. France has it in abundance, though France has had great wars and heavy debts. It would stay with us if we would let it. It will be useful as money, a willing faithful slave, on the first of January if we do not forbid it. While it stays, the dollar of the pensioner and the President, the ditcher and the millionaire are equally good. The debtor will know precisely how much he is to pay; the creditor cannot ask a penny more if he would. No man can grumble about good money or bad money. The capitalist could plan for years ahead and safely sail within a foot of the rocks. The saving poor man could borrow to build his house and know that his mortgage debt for a little land would not swell to be larger than both house and land. It would not bring the millennium. It would take work to get money. There would be flush times and dull times, but we could not lose all. The hard dollars laid away would never become bubbles or kites.

For fear that this kind of absolute legal-tender will come to stay, some men are railing for a repeal of the resumption act. Men of Hartford, keep cool and let hard money come; we are not afraid of it.

GOOD TIMES COMING.

I once read of a man who started to walk around a pond. He got three-fourths of the way, and, looking at his watch, thought it the near dinner time that he could not finish his walk in season, so he hurried back the way he came. If he is living he will be found advocating a repeal of the resumption act.

I know that the country has suffered. I know that poor men have been distressed, not alone in America, but the world over.

Paper money, great wars, national debts, speculation, over production through vastly improved machinery, have broken the wheels of business, and the poor man has suffered first.

But the United States have reduced their war debt over eight hundred millions. The annual charge for interest has gone down from \$150,977,077.87 in 1865 to \$44,554,478 in 1878. Thirteen years ago our debt was \$78.35 *per capita*, now it is \$41.37 *per capita*. Then the interest was \$4.39 *per capita*, now it is \$1.97. From July 1, 1865, to July 1, 1873, our imports exceeded our exports in the enormous sum of \$1,047,000,319. In the four years since 1874 our exports have exceeded our imports \$907,450,237. During the year ending with last June, the excess of our exports was \$357,459,250, and thus far this year the excess is growing. In certain productions and manufactures the increase is a very great gradation, for it promises to be permanent. Of agricultural implements, live animals, bread and breadstuffs, coal, copper, brass and their manufactures, fruit, iron and steel and their manufactures, leather and their manufactures, oil, cake, cotton and petroleum provisions, the export in 1868 was \$140,936,987. In 1878 it was \$403,820,601, an increase of \$262,899,614, or nearly threefold. The imports of manufactures of iron, steel, cotton and wool have fallen off to an amazing extent because our wonderfully ingenious people with their unequalled labor-saving machinery have been learning to make cheaper and better goods for themselves. And last year we produced \$84,000,000 of gold and silver, the fiat money which Heaven has stamped and is tempting us to take.

While European nations are staggering under enormous debts which are growing, not diminishing, we have greatly lightened our burden. While they are maintaining enormous armies and trembling with the fear of new wars every hour, we are at peace with all the world and intend to be.

Divine Providence has blessed us with all soils and all climates, and has given us for several years marvelous crops. We have legislated and stumbled and drifted to the very verge of level ground, and easy traveling. Pray let us accept the good that is offered us.

THE MORAL ASPECT.

I am sure that it is not overestimate the importance of the discussions of this campaign, for the intelligence and moral sense of the American people are undergoing a severe test.

During the discussion of the silver bill, it was evident that multitudes were powerfully influenced by a desire to get something for ninety cents to force upon others as one dollar. The original bill permitted all the silver mines to carry ninety cents worth of silver to the mint and get it made into a legal tender dollar at the expense of the government.

It is deliberately proposed to repudiate the pledge to pay our debts in coin or its equivalent. It is proposed to repeal the resumption act in December, less than a month be-

fore resumption will be upon us, and start back ward through a dreary desert of fogs and pitfalls, in search of the philosopher's stone: perpetual motion and fiat money.

It is not wonderful that some are sincere believers in these delusions, nor that some should be willing to do wrong for money's sake. It is a much more painful feature of the times that so many party conventions and prominent politicians have tempered their speech and obfuscated with error or apostatized from an honorable past and adopted the wrong. There is an epidemic of selfishness.

The success of the rebellion would have degraded us less than the wreck of national honor. Had the confederacy been acknowledged, men would have said, "these are brave peoples with strong convictions. On both sides they believed something in awful earnestness and fought for it terribly. We said they were people of low moral convictions and wedded to the dollar. We are mistaken. They have the elements that make great races. In due time slavery will disappear and they will melt again into one grand nation." But what may not rankling say of us if we laugh at the lessons of history, break our solemn agreements, print lies to be called money, and adopt the communistic rant that arrays class against class and neighbor against neighbor in bitter, selfish, perhaps bloody strife?

CONCLUSION.

We long to see this compassing and smothering atmosphere blown away, by one of those storms of noble passion developed by the typical heat of great crises. An American politician made the wicked Machiavellian observation that "the public conscience is never aroused by a measure from which the public purse expects an advantage." Yet the American people sacrificed half a million lives and eight thousand millions of dollars for a grand abstraction, nobbling themselves and condemning the admiration and respect of the world.

During three months in the summer of 1871 the Commune stood rampant and raging against law and order, claiming to represent all Paris, and holding at bay all France, while the German army stood patiently by, looking pitifully upon the murderous fraternal strife of its late great enemy. The Communists brought crashing down the monuments of French glory; they carried petroleum and torches into the homes of their neighbors, the libraries, the galleries of art. They seized and defiled the churches; buried the vestments of the priests; with the vessels of the altar they made blasphemous mockeries of the holy sacraments, and crowded their madness with the butchery of devoted, grey-haired clergymen, and brave, good citizens. The better elements of society were silent until the terror had begun to waver if this demon were not really Paris. In the flush of its strength, with its real purpose not half known, it had but one-fifth of the votes of the city. In a short time,

what was apparently all Paris was welcoming the delivering army of the republic, and the leaders of the Commune were shot down like mad dogs, or hunted out of France. I saw the city in July, 1873, with its sorrowful scars and sad ruins, peaceful and patriotic. The people were called upon to subscribe to the popular loan to pay the German indemnity of one thousand millions of dollars. The loans were offered in denominations of one hundred francs, or twenty dollars, at 84 per cent., bearing six per cent. interest; one quarter in cash, the remainder in easy instalments. The books were to be opened at a dozen places in Paris at nine o'clock in the morning. I went at midnight before to the Palace of Industry to verify with my own eyes a report that I would not believe, I saw at that one gate more than fifteen hundred people of the humblest ranks of life waiting in line along the barriers for the opening of the doors the next morning at nine, that they might put down their small savings to liberate beloved France in her hour of gloom. It was an eloquent spectacle. It went far to redeem the desolating crimes of 1871, waged in the name of labor and freedom. This was the real Paris, and there was hope of such men. The loan was taken five fold, and patient self-restraining honorable France gives great promise of becoming a stable and true republic.

During the war of the rebellion the cotton weavers of Lancashire, England, were starving. Cotton could not escape through the blockade; it was at a great price; it could hardly be got at all. There was a powerful, persistent effort made to unite England and France in a joint intervention to end our struggle; in effect, to complete the disruption of the Union. It was sought to create a public sentiment in Great Britain by public meetings. Surely Lancashire desired peace, for peace meant cotton supplies, busy factories and bread. But when our enemies called the meetings the Lancashire men came and appointed the chairmen, cheered for the stars and stripes and the Union, and adjourned. Go and explain to them that, the war being over and your blood cooled down a little, you cannot stand hard times as well as they, and you mean to try an easy way to pay for the triumph of a great cause and discharge a war debt with stamped paper.

In the height of the financial discussions and anxieties of 1868, the first republican national convention held after the war assembled in Chicago. The heresies that resprung to-day with new life had been spreading and their strength was an unknown quantity that every patriot feared. The temper and courage of the convention were the subjects of much speculation. The presiding officer determined to test them. In his brief speech upon taking the chair, he said, "For every dollar of the debt the blood of a soldier is pledged. Every bond shall be held sacred as a soldier's grave." The vast assembly rose and cheered, again and again and again. As I looked upon the exulting faces, and hats flying up in air, and heard the great roar of the

multitude long continued. I said to myself, "Thank God! we know where the republican party stands!"

Nor is there any doubt about the true belief and desire of the very large majority of the people of Connecticut. It is "the land of steady habits," of sound and conservative financial views. Especially have you of Hartford a great interest and a great duty. Hartford is a financial center of importance known throughout the Union. Its very heavy

insurance, banking, trust and savings bank capital, impose upon it great trusts reaching a widely scattered people more in number than the population of our state. Your vote in this county will be carefully watched and weighed. You cannot vote for uncertainty and unsoundness in finance without inflicting an injury not alone upon your city and state but upon the good cause elsewhere. You are called to a high political duty.

1878.

REPUBLICAN PLATFORM.

The Republicans of Connecticut in Convention assembled, resolve :

FIRST.—That the existing dangers to the public credit, industry, and commerce call upon us to pledge anew our constancy to the great principles of patriotism and self-sacrifice, which have successfully carried the country through the perils of a great war and preserved and established the Union.

SECOND.—That the bonds of the United States and the legal tender notes issued under the necessities of the war, are sacred debts, to be paid to the last dollar in the standard money of the world; that the only money recognized in the constitution or in the exchange of the world is gold and silver coin of the weight and fineness which give it universal currency, and we demand that all currency shall be redeemable in coin at the will of the holder, and that both coin and currency shall be kept at par with the gold standard of the world.

THIRD.—That the issue of legal tender notes was only justifiable by the necessities of the war, and that any attempt to lower the standard of money, to increase the volume of irredeemable paper currency, to make the money of the people unstable, or to deteriorate the coin, is simply repudiation, and that we declare that a re-issue of legal tender paper in a time of profound peace would be without excuse, and a gross violation of the constitution of the United States, and therefore we demand actual resumption of specie payments at the time fixed by law, and that Congress shall do no act to delay it, but shall leave the country free in its reviving prosperity.

FOURTH.—That the interests of capital and labor are so linked together that all action hostile to one must be injurious to the other, and we condemn all attempts to array one against the other, and to establish enmities and prejudices between employer and employed.

FIFTH.—We demand the most rigid economy, not only from the State and National Governments, but from all lesser communities.

SIXTH.—We condemn as unworthy of an enlightened people a niggardly appropriation of the public money for the just and proper expenses of the Government, especially in dealing with the army and its officers whose lifelong services are devoted to the defense of the country from foreign foes, Indian depredations, and domestic insurrection.

SEVENTH.—That we demand full protection for all citizens in every part of the United States in the free exercise of civil and political rights; that we insist that there shall be no subsidies, grants, or loans of money or lands to private corporations, no payment, directly or indirectly, of what are called rebel claims, and that the legitimate expenses of government shall be met by adequate appropriations.

EIGHTH.—That we believe in the integrity and patriotism of President Hayes, and we will give him our cordial support in all his constitutional efforts to secure an honest and efficient public service, and to maintain the financial honor of the nation.

NINTH.—That the title of President Hayes having been settled by a commission of both political parties, acting in the best interests of the country, we charge that the attacks of the Democratic party upon him, and their attempt to reopen the question of his title, are seditious and dangerous to the public peace and prosperity, and have for their object, not the welfare of the whole country, but the advancement of a faction.

TENTH.—We commend to the voters of Connecticut the nominees of this convention, believing that their high character is a sufficient guarantee that they will do what is within their power to carry out and enforce the principles herein declared.

**END OF
TITLE**